

SMALL BUSINESS IMPACT STATEMENT
LCB FILE NO R060-20
NOVEMBER 5, 2020

LCB File No. R060-20 Small Business Impact Statement pursuant to NRS 233B.0608:

(a) A description of the manner in which comment was solicited from affected small business, a summary of their response and an explanation of the manner in which other interested persons may obtain a copy of the summary.

The Real Estate Commission (Commission) posted the notice of proposed changes to NAC 645 on the Division's website and sent proposed changes to licensees, organizations, associations, interest parties and businesses related to this profession on October 11, 2019. Along with the proposed changes to NAC 645, a survey was posted for small businesses to complete regarding how the proposed changes will affect their business.

The Division received a response regarding the requirement of live continuing education courses and how all courses currently offered are related to residential real estate and not commercial real estate.

The Division received comments disagreeing with the increase in the continuing education requirement pursuant to the changes to NRS 645.575 due to Senate Bill 230 from the 2019 Legislative Session stating that the increase in education only places a burden on good licensees since no amount of education will stop wrongdoers.

The Division also received recommendations relating to the increase in the continuing education requirements which included the designated areas of education for the additional 12 hours.

The Division also received comments stating that the increase in continuing education puts a financial burden on licensees who are required to take additional classes.

The Division received recommendations relating to the increase pre-licensing education requirements pursuant to changes to NRS 645.343 due to Senate Bill 230 from the 2019 Legislative Session which included designated areas of education for the additional 15 hours that were added.

The Division received comments regarding the use of nicknames and the requirement of license numbers on advertisement pursuant to changes to NRS 645.315 due to Senate Bill 230 from the 2019 Legislative Session. The comments requested that numbers and spaces not be allowed as they seem unprofessional. Comments also recommended not requiring licensees to include the zeros before the license number or any letters after the license number.

The Commission conducted a regulation workshop on February 7, 2020. The Commission received comment regarding the restrictive nature of NAC 645.185 and how

it prevents out-of-state brokers from representing any seller or Nevada buyer of Nevada real estate. The Commission received comments in support of the increase education requirements stating that the increase of education can help promote professionalism. There were comments in opposition to the new regulation that exempts licensees 65 years of age and over from certain continuing education requirements.

Also, there were comments from members of the public that were not in favor of using licensees' use of nicknames.

The Commission received comments from many members of the public regarding the additional 30 hours added to pre-licensing education. These comments focused on the areas of education that should be emphasized. There were also comments regarding the increase in the number of hours required for continuing education and the areas of education that should be emphasized.

Lastly, members of the public commented on the requirement for licensees' license numbers to be located on advertisements concerning how the license number should appear and items considered "advertisement".

Interested persons may obtain a copy of the small business impact statement or submit statements of impact to:

Teralyn Lewis
Administration Section Manager
Nevada Real Estate Division
3300 W. Sahara Avenue, Suite 350
Las Vegas, NV 89102
Teralyn.Lewis@red.nv.gov
702-486-4036

(b) The manner in which the small business analysis was conducted for LCB File No. R060-20.

The Real Estate Division took all comments and small business impact surveys received and reviewed them. The Division made changes to the proposed regulation taking those comments and surveys into consideration.

(c) The estimated economic effect of the proposed regulation on the small businesses which it is to regulate, including, without limitation:

(1) Both adverse and beneficial effects:

(I) Adverse effects:

Increases in the education requirements for pre-licensing and continuing education is proposed in the regulation change. This increase will necessitate schools, educational institutions and sponsors to offer additional classes to cover the mandatory hours. This may require developing new curriculum, revising current offerings and increasing capacity.

The costs and time to licensees to take more continuing education is a burden.

Education provider stated that writing and supplying new content will be expensive and time consuming.

(II) Beneficial effects:

Allowing licensees to use nicknames in advertisements allows licensees more flexibility. Requiring license numbers on advertisement increases public protection.

The increase in continuing education will make for more knowledgeable licensees and provides additional public protection. Adding "Risk Reduction" as a designated area of continuing education and increasing the number of hours required to renew a property manager permit will make for more knowledgeable and professional licensees.

Allowing licensees who are 65 years of age or older who has been licensed for 30 years or longer in good standing to take at least 12 hours of continuing education is beneficial to licensees who have experience and longevity in the industry.

(2) Both direct and indirect effects.

(I) Direct effect:

A school that provides education for real estate licensees commented that unless the regulation gives time for education sponsors to start teaching the correct number of hours by setting a future date for the regulation to take effect, licensees who are currently or previously took courses but have not renewed should be provided with additional education at no charge to the licensee.

(II) Indirect effect:

A Nevada licensed attorney and real estate licensee suggested that continuing education for Nevada attorneys in good standing be permitted a waiver of any additional continuing education.

(d) A description of the methods that the Commission considered to reduce the impact of LCB File No. R060-20 on small businesses and a statement whether the Real Estate Division actually used any part of those methods.

The Commission considered methods to reduce the impact of the proposed regulation on small businesses based on comments, survey results and statements received after the 30-day comment period and regulation workshop conducted on February 7, 2020.

(e) The estimated cost to the agency for enforcement of the proposed regulation.

No additional estimated costs to the agency for enforcement of the proposed regulation.

(f) If LCB File No. R060-20 provides a new fee or increases an existing fee, the total

annual amount the Real Estate Division expects to collect and the manner in which the money will be used.

LCB File No. R060-20 does not add a new fee or proposes any increases to existing fees.

(g) If LCB File No. R060-20 includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity, an explanation of why such duplicative or more stringent provisions are necessary.

LCB File No. R060-20 does not include any provisions that are duplicate or are more stringent than federal, state or local standards regulating the same activity.

(h) The reasons for the conclusions of the Real Estate Division regarding the impact of LCB File No. R060-20 on small businesses.

The Commission received seven surveys during the 30 days public comment time allowed for small business to provide comment on the impact of changes to NAC 645. The Commission received several written comments regarding the impact the proposed regulation changes would have on small businesses during the public workshop conducted on February 7, 2020. The Commission determined that the proposed changes would not greatly impact small businesses based on surveys and comments received.

I certify that, to the best of my knowledge or belief, a concerted effort was made to determine the impact of the proposed regulation on small businesses and that the information contained in this statement is accurate. (NRS 233B.0608(3))

Sharath Chandra, Administrator

Department of Business & Industry

Real Estate Division